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**PORT CITY ENTERPRISES, INC.**

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**FINANCIAL STATEMENTS**

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**JUNE 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/14/01

**Port City Enterprises, Inc.**

**Financial Statements**

**June 30, 2001**

**Table of Contents**

<u>Independent Auditor's Reports:</u>	Page
Independent Auditor's Report	1
Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	2
<u>Financial Statements:</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-8

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**INDEPENDENT AUDITOR'S REPORT**


To the Board of Directors  
Port City Enterprises, Inc.

I have audited the accompanying statement of financial position of Port City Enterprises, Inc. (a non-profit organization) as of June 30, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Port City Enterprises, Inc. as of June 30, 2001, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 4, 2001, on my consideration of Port City Enterprises, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants, and on internal control over financial reporting.

  
Baton Rouge, Louisiana  
October 4, 2001

**ROY HEBERT**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Port City Enterprises, Inc.

I have audited the financial statements of Port City Enterprises, Inc. (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued my report thereon dated October 4, 2001. I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.


Compliance

As part of obtaining reasonable assurance about whether Port City Enterprises, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Port City Enterprises, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
Baton Rouge, Louisiana  
October 4, 2001

**PORT CITY ENTERPRISES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2001**

**ASSETS**

Current assets

Cash	\$ 197,751
Accounts receivable	25,571
Total current assets	<u>223,322</u>

Property, plant and equipment

Greenhouse	7,982
Lawn equipment	18,520
Office equipment and furniture	7,516
Vehicles	29,955
Leasehold improvements	23,469
	<u>87,442</u>
Accumulated depreciation and amortization	(48,445)
Net property, plant and equipment	<u>38,997</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 262,319</u></b>
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**LIABILITIES AND NET ASSETS**

Current liabilities

Accounts payable	\$ 1,760
Accrued expense	245
Other payroll withholding	244
Total current liabilities	<u>2,249</u>

Net assets

Unrestricted	<u>260,070</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 262,319</u></b>
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The accompanying notes are an integral part of these financial statements.

**PORT CITY ENTERPRISES, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2001**

**SUPPORT AND REVENUE**

Support:

Contributions	\$ 16,855
Total support	<u>16,855</u>

Revenue:

Contract/Grant funds	324,392
Interest income	2,847
Miscellaneous income	871
Total revenue	<u>328,110</u>

Total support and revenue	<u>344,965</u>
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**EXPENSES**

Program services	277,351
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Supporting services-management and general	<u>34,873</u>
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Total expenses	<u>312,224</u>
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Change in net assets	32,741
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Net assets, beginning of year	<u>227,329</u>
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Net assets, end of year	<u><u>\$ 260,070</u></u>
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The accompanying notes are an integral part of these financial statements.



**PORT CITY ENTERPRISES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001**

Cash flows from operating activities	
Increase(decrease) in net assets	\$ <u>32,741</u>
Adjustments to reconcile increase(decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	9,517
(Increase)decrease in accounts receivable	6,593
(Increase)decrease in prepaid expenses	887
Increase(decrease) in accounts payable	1,066
Increase(decrease) in accrued expense	28
Increase(decrease) in payroll taxes payable	0
Increase(decrease) in other payroll withholdings	27
(Gain)loss on disposal of property	988
Total adjustments	<u>19,106</u>
Net cash provided (used) by operating activities	<u>51,847</u>
Cash flow from investing activities:	
Cash payments for the purchase of property	<u>(10,387)</u>
Net cash provided (used) by investing activities	<u>(10,387)</u>
Net increase(decrease) in cash and equivalents	<u>41,460</u>
Cash and equivalents, beginning of year	156,291
Cash and equivalents, end of year	<u>\$ 197,751</u>

**PORT CITY ENTERPRISES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2001**

	Program Services	Management and General	Totals
Advertising	\$ 0	\$ 65	\$ 65
Bank charges	0	98	98
Depreciation expense	8,565	952	9,517
Facilities costs	10,800	1,200	12,000
Insurance	19,777	1,862	21,639
Licenses	0	1,225	1,225
Medical services	150	0	150
Miscellaneous	797	796	1,593
Pager and cell phone	2,194	0	2,194
Payroll taxes	13,984	1,501	17,485
Pest control	704	78	782
Postage	0	338	338
Professional fees	5,700	5,700	11,400
Repairs	8,073	60	8,133
Salaries	180,813	19,403	200,216
Security	269	30	299
Services for clients	2,380	0	2,380
Staff training	655	0	655
Staff travel	7,848	0	7,848
Supplies	12,977	1,380	14,357
Telephone	1,665	185	1,850
Total expenses	<u>\$ 277,351</u>	<u>\$ 34,873</u>	<u>\$ 314,224</u>

The accompanying notes are an integral part of these financial statements.



**Port City Enterprises, Inc.**  
**Notes to Financial Statements**  
**June 30, 2001**

**NOTE 1- Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of Port City Enterprises, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Financial Statement Presentation**

Port City Enterprises, Inc. follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Donated Facilities Costs**

The West Baton Rouge Parish Police Jury provides facilities, including utilities and building maintenance, for the use of Port City Enterprises, Inc. This provision is made at no cost to the organization. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$12,000. The financial statements reflect \$12,000 of support from this in-kind donation and \$12,000 of expense in connection with facility costs.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenue and expenses. Actual results could differ from those estimates.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program and supporting services benefitted.

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Port City Enterprises, Inc.**  
**Notes to Financial Statements(continued)**  
**June 30, 2001**

**Nature of Activities**

Port City Enterprises, Inc. is organized for the purpose of assisting people with developmental disabilities in finding and maintaining community based employment of their own choosing, to educate the public concerning the rights of individuals with disabilities and supported employment programs in general, to advocate for the employment of individuals with severe disabilities in community settings where the majority of co-workers are individuals without severe disabilities, and to act as an information clearinghouse for programs offering supported employment services regarding best practices, and policies and procedures specific to the State of Louisiana.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

**Leasehold Improvements**

Leasehold improvements are carried at cost. Amortization is computed using the straight-line method over the estimated useful lives of the respective improvements. When improvements are abandoned or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

**NOTE 2-Certificates of Deposit**

Certificates of deposit totalling \$87,737 are included in cash in the accompanying financial statements. The certificates bear interest of 3.25% to 7.0% and have maturities of one to nine months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**NOTE 3-Fair Values of Financial Instruments**

The estimated fair values of the Organization's financial instruments are as follows:

Cash and certificates of deposit have carrying amounts of \$197,750 and fair value of the same amount. Because of the short maturities of the certificates of deposit, the carrying amount approximates fair value.

**NOTE 4-Business and Credit Concentrations**

Port City Enterprises, Inc.'s primary sources of revenue are from contracts administered and/or funded by the State of Louisiana and the United States government. During the year presented, approximately 68% of the Organization's revenues were derived from these sources. All of the amounts listed as accounts receivable are from these contracts.

The Organization's clients, during the year presented, all reside within the state of Louisiana.